

**STATEMENT OF CALEB B. HURTT
PRESIDENT
MARTIN MARIETTA AEROSPACE**

**BEFORE THE SUBCOMMITTEES ON INVESTIGATIONS AND ON
SEA POWER, STRATEGIC AND CRITICAL MATERIELS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEES:

I AM CALEB B. HURTT, PRESIDENT, MARTIN MARIETTA AEROSPACE CORPORATION. TODAY I AM APPEARING ON BEHALF OF THE AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INC. (AIA), THE TRADE ASSOCIATION REPRESENTING THE NATION'S MAJOR MANUFACTURERS OF COMMERCIAL, MILITARY AND BUSINESS AIRCRAFT, HELICOPTERS, AIRCRAFT ENGINES, MISSILES, SPACECRAFT AND RELATED COMPONENTS AND EQUIPMENT. THANK YOU FOR GIVING US THE OPPORTUNITY TO COMMENT ON AN IMPORTANT ISSUE INVOLVING THE DEFENSE ACQUISITION PROCESS THAT YOU HAVE UNDER CONSIDERATION. IT PERTAINS TO THE MOVEMENT OF PEOPLE BETWEEN GOVERNMENT BUYING ORGANIZATIONS AND PRIVATE SECTOR SELLING ACTIVITIES. IT IS OFTEN REFERRED TO - PERHAPS INAPPROPRIATELY - AS THE "REVOLVING DOOR ISSUE".

WHILE I BELIEVE THIS ISSUE TO BE ONE MORE OF PERCEPTION THAN OF FACT, IT IS A LEGITIMATE ISSUE. THERE IS GROWING RECOGNITION BOTH WITHIN INDUSTRY AND WITHIN THE DEPARTMENT OF DEFENSE THAT RECENT DISCLOSURES OF IMPROPER AND QUESTIONABLE PROCUREMENT PRACTICES HAVE UNDERMINED THE PUBLIC CONSENSUS REQUIRED TO SUSTAIN THE REVITALIZATION OF THIS COUNTRY'S DEFENSE

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POSTURE. I AGREE WITH THE SECRETARY OF DEFENSE THAT OUR CREDIBILITY IS A PREREQUISITE FOR CONTINUING CONGRESSIONAL SUPPORT OF THE DEFENSE BUDGET. THIS IS A MATTER OF REAL CONCERN, WHICH NO RESPONSIBLE DEFENSE CONTRACTOR SHOULD DEBATE. HENCE, I AM NOT APPEARING TODAY TO ARGUE IN FAVOR OF BENIGN INDIFFERENCE, BUT TO ARGUE IN FAVOR OF ACTION WHICH MOST PRUDENTLY ADDRESSES THE PROBLEM, WITH A MINIMUM ADVERSE EFFECT ON THE TIMELY AND COST EFFECTIVE CONDUCT OF THE ACQUISITION PROCESS.

THE CHALLENGE FACING THIS COMMITTEE, AND INDUSTRY AS WELL, IS TO FORMULATE RULES OF CONDUCT WHICH PROTECT AGAINST ABUSE, SERVE THE LEGITIMATE AND FAIR INTERESTS OF ALL PARTIES, AND BUTTRESS PUBLIC CONFIDENCE IN THE HONESTY AND INTEGRITY OF THE ACQUISITION PROCESS. GIVEN THE FACT THAT THERE EXISTS A MUTUALITY OF INTEREST AND A DESIRE ON THE PART OF ALL PARTIES TO ADDRESS THIS ISSUE IN A RESPONSIBLE FASHION, I THINK THIS CHALLENGE CAN BE MET.

ASPECTS OF THE PROBLEM

THERE ARE THREE ASPECTS TO THE PROBLEM: FIRST, THERE IS THE NEED FOR GOVERNMENT TO ATTRACT INTO "APPOINTIVE" SERVICE OUTSTANDING INDIVIDUALS WILLING AND ABLE TO SERVE THEIR COUNTRY IN POSITIONS OF MANAGEMENT RESPONSIBILITY WITHOUT FORFEITING THEIR PRIMARY AND PRINCIPAL CAREERS IN THE PRIVATE SECTOR. SECOND, THERE IS THE NEED TO PERMIT DEFENSE INDUSTRY

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TO RECRUIT AND EMPLOY TALENT WHICH HAS BECOME AVAILABLE IN THE OPEN MARKET PLACE FOR WHATEVER REASON IF THAT TALENT IS EITHER NECESSARY OR DESIRABLE FOR THE PERFORMANCE OF DEFENSE CONTRACTS . LASTLY, THERE IS THE NEED TO INSURE THAT THE PROSPECT OF SUBSEQUENT EMPLOYMENT IN THE PRIVATE SECTOR CAN IN NO WAY IMPINGE UPON THE CONDUCT AND/OR PERFORMANCE OF THOSE IN GOVERNMENT SERVICE AT ANY TIME.

BASED UPON MY PERSONAL EXPERIENCE, I THINK THAT MANY OF THE NEEDED CONTROLS ARE ALREADY IN PLACE BY VIRTUE OF EXISTING LAWS, DEPARTMENT OF DEFENSE REGULATIONS, ACCEPTED INDUSTRY PRACTICES, AND THE BASIC CHARACTER AND PROFESSIONALISM OF THE AFFECTED INDIVIDUALS. NEVERTHELESS, AS NOTED EARLIER, THERE IS GOOD REASON TO DISCOURAGE THE POTENTIAL FOR ABUSE, AND TO INSURE PUNISHMENT OF THOSE WHO VIOLATE THEIR PUBLIC TRUST.

ESSENTIAL ELEMENTS OF A PROGRAM

WHILE I DO NOT BELIEVE THAT LEGISLATIVE ACTION TO ADDRESS THIS MATTER IS THE ONLY OR THE PREFERRED COURSE OF ACTION, I FEEL THAT ANY PROGRAM MUST HAVE CERTAIN ESSENTIAL ELEMENTS:

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- o GOVERNMENT EMPLOYEES MUST REPORT TO THEIR SUPERIORS ANY DISCUSSION WITH A DEFENSE CONTRACTOR, THE PURPOSE OF WHICH IS IMMEDIATE OR PROSPECTIVE EMPLOYMENT.
- o GOVERNMENT EMPLOYEES WHO ARE INVOLVED IN ANY SUCH DISCUSSIONS MUST IMMEDIATELY WITHDRAW FROM ANY AND ALL MATTERS INVOLVING SUCH CONTRACTOR UNTIL ALL DISCUSSIONS PERTAINING TO IMMEDIATE OR PROSPECTIVE EMPLOYMENT IS TERMINATED.
- o AN APPROPRIATE NON-CRIMINAL PENALTY FOR FAILURE TO COMPLY LITERALLY WITH EITHER OF THE AFOREMENTIONED REQUIREMENTS AND A PROHIBITION AGAINST EMPLOYMENT WITH THAT CONTRACTOR FOR A PRESCRIBED PERIOD OF TIME. THIS IS MUCH MORE LIKELY TO BE ENFORCEABLE AND MUCH MORE BEFITTING THE NATURE OF THE OFFENSE THAN IS A CRIMINAL PENALTY.
- o A PROVISION FOR A FINE AGAINST ANY CONTRACTOR WHO KNOWINGLY EMPLOYS A GOVERNMENT EMPLOYEE DURING THE PERIOD OF PROHIBITION.
- o IF THERE IS TO BE A CRIMINAL SANCTION, THEN I WOULD DEEM IT APPROPRIATE ONLY IN THAT INSTANCE IN WHICH THERE IS A CONSPIRACY TO CIRCUMVENT THE AFOREMENTIONED PROCESS.

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AT FIRST GLANCE, MY APPROACH MAY APPEAR UNUSUALLY SUBDUED GIVEN THE EARLIER STATEMENT THAT SOME ACTION IS CALLED FOR. LET ME EXPLAIN THIS AMBIVALENCE. THE INTEREST OF ALL PARTIES IS SERVED BEST BY THE INTERCHANGE OF CONTRACTOR AND GOVERNMENT EXPERTISE. IN MOST INSTANCES, THIS INTERCHANGE CAN BE ACCOMPLISHED IN A MANNER WHICH NEED NOT GIVE RISE EVEN TO THE SUSPICION OF CONFLICT OF INTEREST. I THINK THAT BOTH THE DEPARTMENT OF DEFENSE AND DEFENSE INDUSTRY WOULD BENEFIT FROM A BETTER UNDERSTANDING OF EACH OTHER'S RESPECTIVE PERSPECTIVES AND PROBLEMS - SOMETHING WHICH CAN ONLY BE GAINED IF YOU HAVE WALKED IN ANOTHER'S SHOES. THERE IS NO VALUE IN COMPELLING THE CONTINUED EMPLOYMENT OF DISENCHANTED OR DISINTERESTED EMPLOYEES BY DENYING OR SEVERELY IMPEDING THE PROSPECT FOR OTHER MEANINGFUL EMPLOYMENT.

IN ADDITION, IT WOULD BE A GRIEVOUS ERROR TO DISENFRANCHISE ALL GOVERNMENT PERSONNEL INVOLVED IN THE ACQUISITION PROCESS AND IN EFFECT SINGLE THEM OUT FOR DISCRIMINATORY ACTION BY SUMMARILY DENYING THEM THE OPPORTUNITY TO SEEK EMPLOYMENT WITH ANY DEFENSE CONTRACTOR SUBSEQUENT TO DEPARTURE FROM GOVERNMENT SERVICE. SUCH ACTION WOULD DISCOURAGE THE RECRUITMENT OF TALENTED PEOPLE INTO THE MILITARY AND CIVIL SERVICE AND WOULD DEPRIVE THE DEFENSE INDUSTRY OF THE TALENT AND TECHNICAL RESOURCES NEEDED TO BETTER PERFORM ITS ROLE AS THE SUPPLIER OF NEEDED SERVICES AND HARDWARE TO THE GOVERNMENT.

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WE IN INDUSTRY DO NOT CONDUCT, TO THE BEST OF MY PERSONAL KNOWLEDGE, ANY ACTIVE CAMPAIGNS TO INDUCE MILITARY AND GOVERNMENT CIVILIAN EMPLOYEES INTO EARLY RETIREMENT, RESIGNATION, OR PRIVATE EMPLOYMENT. QUITE THE CONTRARY, INDUSTRY HAS A VESTED INTEREST IN THE RECRUITMENT, TRAINING, AND RETENTION OF COMPETENT GOVERNMENT PROCUREMENT OFFICIALS SINCE THIS IS THE COMMUNITY WITH WHICH WE MUST DEAL. IT IS IMPERATIVE THAT WE BE ABLE TO COMMUNICATE WITH OUR GOVERNMENT COUNTERPARTS ON A PROFESSIONAL LEVEL. IF THERE IS AN EXODUS FROM GOVERNMENT TODAY OF SUCH PEOPLE, I THINK GOVERNMENT SHOULD AND MUST LOOK FIRST AT ITS OWN TREATMENT OF THOSE PEOPLE TO DISCERN THE UNDERLYING CAUSE. IN MANY WAYS, THE CAREER GOVERNMENT ACQUISITION WORK FORCE HAS BEEN TREATED UNFAIRLY BY SOME CRITICS OF THE FEDERAL ACQUISITION PROCESS.

I, FOR ONE, WOULD RATHER SUFFER THE RISK OF LOSING GOOD PEOPLE TO THEIR AMBITIONS OR TO THE COMPETITION, AS THE PRICE ONE MUST PAY FOR THE PRIVILEGE OF BEING ABLE TO INITIALLY ATTRACT AND EMPLOY GOOD PEOPLE, THAN TO SURROUND MYSELF WITH TENURED MEDIOCRITY. I URGE CAUTION THAT THIS NOT BE AN UNINTENDED CONSEQUENCE OF ANY LEGISLATIVE INITIATIVE OR OF ANY OTHER ACTION TAKEN BY THE FEDERAL GOVERNMENT ON THIS ISSUE.

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SUMMARY

BY WAY OF SUMMARY, LET ME REITERATE THE BASIC THEME OF MY STATEMENT. THERE IS A PROBLEM OF ETHICS AND A PROBLEM OF RECRUITING, TRAINING, AND RETAINING HIGHLY QUALIFIED GOVERNMENT ACQUISITION PERSONNEL. IF, IN THE PURSUIT OF PUNISHING ISOLATED ABUSES OF PROFESSIONAL INTEGRITY, YOU INVOKE SANCTIONS OR IMPOSE RULES WHICH DISCOURAGE QUALIFIED PEOPLE FROM ENTERING INTO GOVERNMENT SERVICE, BE IT APPOINTIVE OR CAREER, THEN YOU MAY HAVE DONE THE SYSTEM FAR MORE HARM THAN ANY ABUSE OF WHICH I KNOW. THE BALANCE TO BE STRUCK SHOULD BE THE AVOIDANCE OF CONFLICT OF INTEREST BOTH IN FACT AND IN APPEARANCE - AND EVEN THIS SHOULD BE APPROACHED IN A TEMPERATE, FAIR, AND REASONED MANNER. THE FUNDAMENTAL SOLUTION OF THE EXODUS FROM GOVERNMENT SERVICE OF THE BRIGHTEST AND THE BEST WILL NOT BE FOUND IN THE ERECTION OF BARRIERS BUT IN THE FORMULATION OF POSITIVE INCENTIVES TO ENCOURAGE THEIR RETENTION. WHAT THOSE INCENTIVES MIGHT BE AND HOW BEST TO STRUCTURE THEM IS A SUBJECT IN AND OF ITSELF.

THANK YOU FOR ALLOWING ME TO TESTIFY ON THIS SUBJECT. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.